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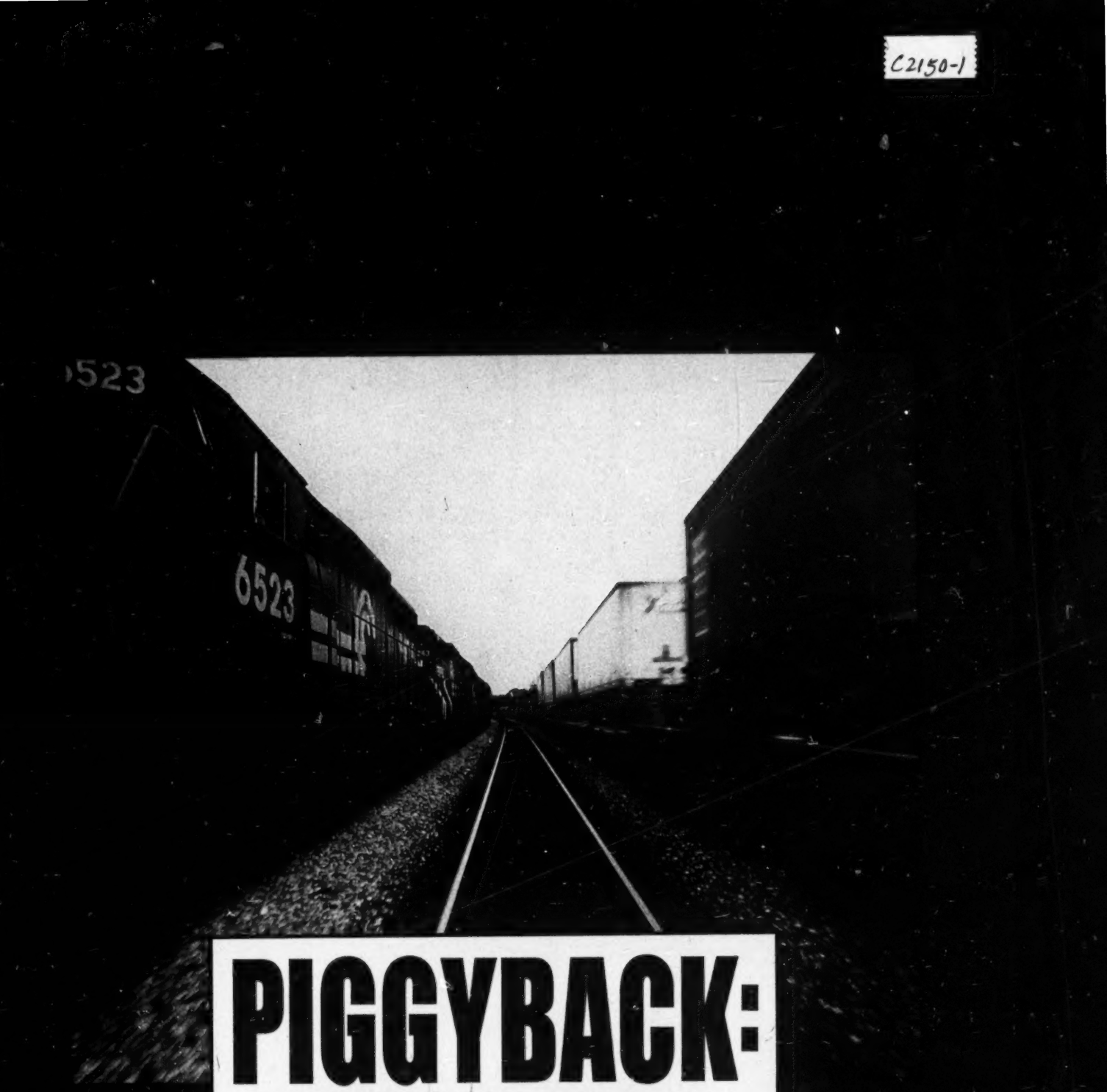

PIGGYBACK:
COMING OR GOING?

R QUALITY:
OBSESSION ?

ELPS SET THE SITES

REASONS BEHIND REGIONAL TRUCKING

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CHILTON'S
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JUNE 1986

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SQUEALING ON PIGGYBACK

Our April Dialogue question asked what it would take to get more shippers to use piggyback and other intermodal services. Responses indicate that the extent to which these service options are utilized by shippers varies widely. Shippers have no problem pointing out shortcomings. But despite some nagging problems, the consensus is that intermodal services are still going through a "sorting out" phase, and that the future looks promising. For more on the future of piggyback, see this month's cover story starting on p. 10.

"I want quick reaction by the consolidator to my needs. He knows what I need and when I need it. It's the same as a short-haul truck. The reaction is immediate. It is the only way to long-haul our material. It's been 40 years coming, but it's here." **—Jack Shepherd, traffic manager, UBrand Corp., Shelby, Oh.**

The amount of total annual freight volume accounted for by intermodal services is:
- mean 15%
- mode 20%
- median 32%

The amount of total annual freight bill accounted for by intermodal services is:
- mean 12%
- mode 1%
- median 24%

Intermodalism still has a great future 82%
Intermodalism has peaked and will continue to serve shippers' needs at close to current levels 6%
Intermodalism will backslide in years to come until it is reduced to gimmick status 6%
Problems that occur with intermodal service are usually because of:
- confusion over carrier responsibility and communications 53%
- equipment unavailability or incompatibility 47%
- inadequate departure schedules and in-transit delays 35%
- excessive handling, increased loss and damage 24%

QUESTION OF THE MONTH

TAKING STOCK OF INVENTORY CONTROL

Just-in-time and zero inventory management are hard enough to master during periods of normal activity. What happens when things start to get a little crazy?

Inventory fluctuations can be caused by any of a number of factors. Maybe your business is seasonal. Maybe your company is rolling out a new product. Maybe you're recalling a product. Maybe your marketing people are just plain doing a good job, and the demand for your product has soared.

Many companies are jumping onto the inventory control bandwagon with systems like the much-imitated *kanban* process pioneered by the Japanese. Others are using sophisticated forecasting and materials requirements software packages to help keep stocks to a minimum.

What is your biggest inventory control problem? Do you have more difficulty with the inbound or outbound part of your operation? How do you go about preparing for inventory fluctuations? Has your company determined optimum levels of safety stock? What are they? How has JIT affected your inventory management? Let us know on the card below.

DIALOGUE June 1986

- The greatest inventory challenge for my operation is caused by (check ONE only): _____seasonality; _____non-seasonal demand fluctuations; _____new product introductions or product line changes; _____new marketing strategies (promotions, packaging changes, etc.); _____discontinuations; _____recalls; _____other (describe): _____
- Seasonality and other inventory aberrations create the greatest challenge in the (check ONE only) _____inbound/ _____work-in-process/_____outbound segment of the logistics pipeline.
- To prepare for predictable changes in demand for our products, we begin making appropriate inventory adjustments _____days in advance of the projected swing.
- Our desired level of "safety" or "buffer" stock to guard against fluctuations that cannot be measured is _____days for production materials and _____days for finished goods.
- Just-in-Time manufacturing and distribution has made it (check one) _____harder/_____easier to cope with seasonality and other demand swings.
- In the past two years, we (check one) _____have/ _____have not had to put a contingency plan into action to pull

Here are the steps my department takes to be prepared for inventory swings, predictable and unpredictable, up and down:

_____

_____

_____

_____

_____

NAME (print) TITLE

COMPANY PHONE

ADDRESS

FIGURES IN SPEECH

(Quotes from transportation and distribution notables that have caught the ears of *DISTRIBUTION* editors:)

"Where are the savings that are supposed to result from stack trains? We hear about 40, 50 or 60 percent savings, but we really don't see them as shippers. Certainly not in westbound domestic rates, where we might see 5 or 10 percent reductions at best."—**Lyle Cater, rail intermodal manager, 3M Co.**

•

"At the risk of being charged with heresy and losing the few friends in the transportation fraternity I still have, I suggest that carrier marketers take a hard look at the utility and payback of the traditional annual round of traffic club dinners. At last year's New York Traffic Club dinner I looked up at the sea of headtable guests. Starched and stiff in their penguin-like uniforms, I felt an uncharacteristic pang of sympathy for those carrier officials that would be subjected to this same ritual again and again in cities throughout the nation. As the obligatory introductions and ceremonials droned on, I could not help but wonder if this was not the classic anachronism of the modern age."—**Fred M. Zitto, manager, U.S. distribution operations, International Paper Co.**

"Because of increased price competition from motor services through the use of 48' cube trailers and pups, railroads must introduce advanced equipment at a competitive, *not* premium price. Failure to do so will result in the erosion of the low-density shipping market."—**Robert J. Cox, traffic manager, Wright Line, Inc., Worcester, Mass.**

"We need accurate tracing procedures, updated billing methods, more ethical drayage companies and more dedicated piggyback trains."—**R.J. Marshall, Jr., traffic manager, Duraco Products, Inc., Streamwood, Ill.**

"Better access to rail facilities and better delivery schedules at the other end will prompt shippers to use more intermodal services."—**Ed Loftus, dist/trans manager, Ampex Corp., Opelika, Ala.**

"Carriers need to accept liability for cargo damage. They must offer a wider range of equipment and services, such as reefer equipment, and pallet exchange or return without the consignee having to accumulate them. Carriers also should give better notification of delays, and employ better sales forces. Finally, rate stability would enhance shippers' desire to use TOFC or other intermodal modes."—**Robert G. McCormick, assistant director of distribution, Bunge Edible Oil Corp., Kankakee, Ill.**

"The animosity between the rail and trucking industries must be erased if further growth is to continue. Congress can help the situation by equalizing taxes and subsidies."—**Dan Antell, traffic manager, Rheem Manufacturing, A/C Div., Fort Smith, Ariz.**

"Make landbridge services cheaper so fewer shippers will bypass the service and use an all-water route—which takes a little longer, but is less costly. Railroad companies have to share the costs of steamship companies for the inland portion."—**Guy Russo, executive vp, Nippon Industries, New York.**

"What is needed is the responsible attitude toward service that is achieved by the rail and trucking industries when operating separately."—**D. Mobley, traffic manager, Roseburg Forest Products Co., Roseburg, Ore.**

"Cheap transportation, reliable convergement and industry professionalism will make intermodal more attractive."—**Timothy Saul, manager, materials control/traffic, Tecumseh, Verona, Miss.**

"Consistent transit times, better communication between all parties and an image boost for the railroads and water carriers will help make intermodal a more viable transportation option."—**Bob Brownell, traffic manager, Korex Co., Wixom, Mo.**

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